

TARIFF ACTION MEMORANDUM

File No.: TA145-44

Date: July 26, 2021

Date Filed: June 18, 2021

45-Day Statutory Deadline: August 2, 2021

Utility: McGrath Light and Power Company

Description: Service Deposit

Synopsis of Filing:

McGrath Light and Power Company submits an increase of its Service Deposit amount from \$75 to \$200 for all customers.

Tariff Recommendation:

The Commission should approve Tariff Sheet No. 75, filed June 18, 2021, by McGrath Light and Power Company with TA145-44, as shown on the attached side-by-side tariff sheet (Appendix 1). The effective date of the tariff sheet should be August 2, 2021.

Reason(s) for the above-indicated recommendation: See attached memorandum.

Signed: Steven Jones
Steven Jones

Title: Utility Tariff Analyst

Commission decision regarding this recommendation:

	<u>Date (if different from 7/26/2021)</u>	<u>I CONCUR</u>	<u>I DO NOT CONCUR</u>	<u>I WILL WRITE A DISSENTING STATEMENT*</u>
Pickett	<u>7/27/2021</u>	<u>RMP</u> RMP		
Kurber	<u>7/27/2021</u>	<u>KKT</u> KKT		
Scott	<u>7/27/2021</u>	<u>AGS</u> AGS		
Sullivan		<u>DS</u> DS		
Wilson	<u>7/27/2021</u>	<u>JWW</u> JWW		

*If this column is initialed, Staff will contact the Commissioner for the statement; otherwise, the dissent will simply be noted at the close of the By Direction letter or order.

STATE OF ALASKA
The Regulatory Commission of Alaska
701 West 8th Ave., Suite 300
Anchorage, Alaska 99501-3469

M E M O R A N D U M

To: Robert M. Pickett, Chairman
Keith Kurber II
Antony Scott
Daniel A. Sullivan
Janis W. Wilson

Date: July 26, 2021

From: Steven Jones, Utility Tariff Analyst

Subject: TA145-44, McGrath Light and Power
Service Deposit

STATEMENT OF CASE

McGrath Light and Power Company (MLPC) submits an increase of its Service Deposit amount from \$75 to \$200 for all customers.

RECOMMENDATION

The Commission should approve Tariff Sheet No. 75, filed June 18, 2021, by MLPC with TA145-44, as shown on the attached side-by-side tariff sheet (Appendix 1). The effective date of the tariff sheet should be August 2, 2021.

BACKGROUND

On July 6, 1989, MLPC filed TA39-44, to revise the rules and non-recurring charge sections of its tariff. In that filing, MLPC indicated the service deposit amount is at least \$75 for 2 months usage for residential customers. The \$75 charge included the connection fee of \$20.00 and the remaining balance of \$55 is the customer deposit. MLPC stated the average consumption for residential customers is between 300 and 400 kWh per month. Staff calculated a residential customer using 350 kWh per month would have to pay per month to be \$38.58. Staff determined that the proposed service deposit of \$75 appeared reasonable since the utility could collect twice the monthly bill (2 times \$38.88, net monthly bill) plus the \$20.00 connection fee. On October 17, the Commission issued a letter approving the tariff changes, including the non-recurring charges, effective September 15, 1989.¹

On November 8, 2002, MLPC submitted TA92-44 proposing to increase the service deposit from \$75 to \$125.² On December 18, 2002, the Commission issued Letter Order

¹ See Commission response letter dated October 17, 1989, Proposed Non-recurring Charges for McGrath Light and Power, page 17 of 148.

² See TR0205686, filed November 11, 2002

No. L0201278, rejecting TA92-44 for failure to meet the Commission's form and filing regulations, including failure to include cost justification for the proposed fee increase.

On August 4, 2008, MLPC filed TA122-44, a rewrite of its tariff. In that filing, MLPC proposed to keep the \$75 service deposit.³ On November 25, 2008, the Commission issued a letter returning validated tariff sheets to MLPC.⁴

MLPC now submits TA145-44, to increase the Service Deposit amount from \$75 to \$200 for all customer classes. The Commission issued a public notice for TA145-44 on June 23, 2021, with comments requested by July 23, 2021. No comments were received.

ANALYSIS

Service Deposit (Tariff Sheet No. 75)

With TA145-44, MLPC proposes to increase its service deposit from \$75 to \$200. MLPC states that the service deposit amount has been the same since 1989. MLPC states that in accordance with its tariff and Commission regulations, MLPC has the ability to require a deposit that is the higher of two times the estimated average monthly bill at the location or two times the average monthly bill of that customer class. MLPC states that utilizing its 2020 Annual Operating Report, the average usage for a residential customer is 261 kWh per month.⁵ MLPC calculated a sample residential bill, without the customer charge, which it states equals \$200.44 without power cost equalization (PCE) credit and \$99.03 with PCE credits. MLPC states that this calculation would allow it to require a deposit of between \$400.88 (pre PCE) and \$198.06 (with PCE) for a residential customer.⁶ MLPC believes that this supports its request to increase its current deposit amount.

Staff sent a number of questions to MLPC regarding its proposal. MLPC states it has seen an increase in summertime residential customers who 'skip out of town' in the fall timeframe leaving MLPC with uncollected amounts. MLPC seeks to recoup costs owed to them and are looking at other ways to improve their collection practices. MLPC also states, it "does not wish to make a distinction between a residential and commercial/industrial customer at this time. MLPC seeks to increase the deposit amount and apply it consistently across all customer classes. The reason for this is twofold, first the customers of MLPC would have full knowledge of what the new deposit amount would be and secondly, MLPC's employees would be able to apply and administer the service deposit amount consistently." Finally, MLPC states that increasing the deposit to \$200 will not make the utility whole but would assist greatly in terms of collecting.⁷

3 AAC 52.420 governs how a utility establishes and determines its service deposit amount. Specifically, it states that a utility's electric service deposit payment and refund

³ See TA122-44, filed August 4, 2008.

⁴ See TR0807750, General Correspondence to McGrath Light and Power Company, issued November 25, 2008.

⁵ See TR2102143, McGrath Light and Power Co.'s Annual Report, Page 28. $[542,030/173 = 3,133.1]$ yearly kWh per customer. Divided by 12 to get monthly 261 kWh.

⁶ See tariff advice letter for TA145-44, at pages 1 and 2.

⁷ *Ibid*, page 2.

procedures, if any, must be set out in its effective tariff and must conform to the provisions of this section. It also states a utility may require a separate deposit for each meter installed. The amount of a deposit required by the utility may not exceed the higher of two times the estimated average monthly bill at that location or two times the average monthly bill of that customer class.

Staff reviewed MLPC's current tariffed rates and notes that its rate for a residential customer is \$0.7098/kWh with a \$10.00 per month/meter customer charge⁸ and its commercial rate is \$0.5668/kWh with a \$20.00 per month/meter.⁹ Staff notes that MLPC's current cost of power adjustment surcharge is \$0.0503/kWh¹⁰ and its current PCE amounts, when 100% funded, is \$0.3731/kWh.¹¹ Staff calculated that an average residential customer bill is \$208.39¹² without PCE credits or \$111.01¹³ with PCE credits, based on an average of 261 kWh. Staff believes that the increased service deposit is less than two months of an average residential customer bill and is therefore reasonable. Therefore, Staff recommends that the Commission approve Tariff Sheet No. 75.

CONCLUSION

With TA145-44, MLPC requests approval to increase its Service Deposit amount from \$75 to \$200 for all customers. Staff has verified the proposed increase was calculated accurately, the proper support was filed, and the tariff sheet is correct. Staff recommends the Commission approve Tariff Sheet No. 75, filed June 18, 2021, by MLPC with TA145-44. The effective date of the tariff sheet should be August 2, 2021.

Signature: 

Email: bob.pickett@alaska.gov

Signature: 
Keith Kurber II (Jul 27, 2021 08:49 AKDT)

Email: keith.kurber@alaska.gov

Signature: 

Email: antony.scott@alaska.gov

Signature: 
Daniel Sullivan (Jul 27, 2021 11:00 AKDT)

Email: daniel.sullivan@alaska.gov

Signature: 
Janis W. Wilson (Jul 27, 2021 14:00 AKDT)

Email: janis.wilson@alaska.gov

⁸ See Tariff Sheet No. 78, Effective December 1, 2013.

⁹ See Tariff Sheet No. 79, Effective December 1, 2013.

¹⁰ See Tariff Sheet No. 82, Effective November 27, 2020.

¹¹ See Tariff Sheet No. 84, Effective July 1, 2021.

¹² 261 kWh X 0.7098/kWh = \$185.26. 261 kWh X \$0.0503 = \$13.13. \$10.00 + \$185.26 + \$13.13 = \$208.39.

¹³ 261 kWh X 0.7098/kWh = \$185.26. 261 kWh X \$0.0503 = \$13.13. 261 kWh X \$0.3731 = 97.38. \$10.00 + \$185.26 + \$13.13 - \$97.38 = 111.01.

RCA No. 44 1st Revision Sheet No. 75
 Cancelling Original Sheet No. 75

RECEIVED
NOV 07 2016
 STATE OF ALASKA
 REGULATORY COMMISSION OF ALASKA

McGrath Light & Power Company

SCHEDULE OF NONRECURRING CHARGES

Connection Fee - For establishment of service	\$20.00	T
After Hours Connection Fee For connection between 5 p.m. and 8 a.m. Monday - Friday; and Saturday, Sunday and holidays.	\$45.00	
Service Deposit	\$75.00	
Reconnection Charge - After infractions of payment requirements:		
8 a.m. - 4 p.m. Monday - Friday excluding Holidays	\$20.00	
All other hours and Saturdays, Sundays and holidays	\$45.00	
Meter Test Fee - Subject to refund under Section 7.01C	\$50.00	
Authorized breaking of meter seal	\$20.00	
Unauthorized breaking of meter seal.	\$85.00	
Nonsufficient Funds Fee	\$29.00	N

Tariff Advice No. TA139-44 Effective: December 22, 2016

Issued By: McGrath Light & Power

By: Tim Barnum Title: General Manager

RCA No. 44 2nd Revision Sheet No. 75
 Cancelling 1st Revision Sheet No. 75



McGrath Light & Power Company

SCHEDULE OF NONRECURRING CHARGES

Connection Fee - For establishment of service	\$20.00	
After Hours Connection Fee For connection between 5 p.m. and 8 a.m. Monday - Friday; and Saturday, Sunday and holidays.	\$45.00	
Service Deposit	\$200.00	I
Reconnection Charge - After infractions of payment requirements:		
8 a.m. - 4 p.m. Monday - Friday excluding Holidays	\$20.00	
All other hours and Saturdays, Sundays and holidays	\$45.00	
Meter Test Fee - Subject to refund under Section 7.01C	\$50.00	
Authorized breaking of meter seal	\$20.00	
Unauthorized breaking of meter seal.	\$85.00	
Nonsufficient Funds Fee	\$29.00	

Tariff Advice No. TA145-44 Effective: _____

Issued By: McGrath Light & Power

By: Tim Barnum Title: General Manager